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INFO RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION PRIORITY
RUEHBS/USEU BRUSSELS PRIORITY
RUEHGV/USMISSION GENEVA PRIORITY 3495

UNCLAS TOKYO 000764

SENSITIVE
SIPDIS

STATE FOR EEB/IFD AND EAP/J
NSC FOR DANNY RUSSELL AND JIM LOI
USTR FOR MICHAEL BEEMAN

E.O. 12958: N/A
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SUBJECT: CEFPP GIVES PM ASO'S ECONOMIC POLICY ADVISORY
COMMITTEE HIGH MARKS

11. (SBU) Summary: Prime Minister Aso's decision to form an economic policy advisory committee was influenced by President Obama's use of similar non-government economic advisory bodies, according to Hiroshi Tawa, Counselor, Council on Economic and Fiscal Policy (CEFP), Cabinet Office.

Aso decided to seek outside opinions from leaders without vested interests in order to stimulate policy debate within the cabinet. In the end, the 84 economic and financial experts produced over 100 recommendations, which the CEFP will review the week of April 6, with the aim of selecting measures from the recommendation for the first economic stimulus package due by early May. End Summary.

12. (SBU) CEFP Councilor Hiroshi Tawa positively reviewed the results of Prime Minister Aso's first economic policy advisory committee with Econoff on March 30, noting the 84 members (list e-mailed to EAP/J) who volunteered their time and energies to the process put forward over 100 well considered and detailed proposals to reinvigorate the Japanese economy. The advisory group members were assigned to 7-8 smaller sector specific groups that met over the course of a week to discuss policies that could stimulate Japan's economy. Tawa described the sectoral presentations as very detailed and unlike normal Japanese bureaucratic slide shows. The advisors normally stuck to their presentation time limits (3-5 minutes), Tawa reported. However, he also noted the local government officials always ran long and did not provide the same detail or level of analysis.

13. (SBU) The CEFP is reviewing the 100-plus proposals from the advisory committee members. Some proposals are supported by a majority of the 84 members, while others are deemed less vital, according to Tawa. The CEFP, however, will make recommendations on what is "possible" versus "not possible" when it meets the week of April 6. Tawa expressed some surprise that some advisory committee proposals reflected policy views similar to proposal in the opposition Democratic Party of Japan's election manifesto. Other recommendations he considered innovative urged the GOJ to stop certain measures that restrict economic activity.

14. (SBU) The advisory committee members, not all of whom are Japanese, based their recommendations on perceptions of Japan's national interests, according to Tawa. The discussions within the sectoral sub-groups were not confrontational, but included elements, such as, urging the government to return to reform policies along the lines former PM Koizumi that are now controversial within the LDP. Tawa said service sector liberalization, particularly

medical, welfare and other social services, were "heatedly" discussed by some committee members.

15. (SBU) Aso will convene the CEFPP the week of April 6 to review the 100 plus recommendations from the advisory committee members to discuss which recommendations should be incorporated into the first supplementary budget for FY2009. The full report, inclusive of the recommendations, should be published on the Cabinet Office web site sometime in mid-April. The advisory members hoped the publication of their ideas would spark greater debate on what policy measures Japan should introduce to stimulate and reform its economy, Tawa added.

ZUMWALT